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MAYOR: MR MJ RAKOI

1.1 MAYOR'S FOREWORD

It is a pleasure and honour to table the 2008/09 Financial year Annual Report of Gamagara Local Municipality. This was a milestone year in the history of our country in the sense that it was during this financial year that the people of South Africa were given the opportunity to vote for the fourth time for National Government. As a result, local government is once again presented with huge challenges of intensifying the visible service delivery programmes and prepare for the 2011 Local Government elections. That meant we needed to address the following fundamental questions that our people are justifiably asking:

- To what extent have we been able to reduce service delivery backlogs in water, services, electricity and access to housing
- To what extent have we been able to enhance local democracy in creating platforms for local communities to participate in their local affairs
- To what extent have we been able to redress the imbalances of the apartheid legacy

The 2008/09 Annual Report will illustrate those questions which cannot be addressed by a simple yes or no answer. A developmental local government that has the optimum capacity to address the legacy of the apartheid system cannot be build overnight. However the report provides an account of genuine endeavours that Gamagara Local Municipality embarked on towards fulfilling its constitutional mandate as a developmental local government.

The year under review is also special for the fact that a lot of preparations were made towards the 2010 Fifa World Cup as a hosting country and continent, which hopefully will bring about economic boost to our country after an economic stressful year of recession.

May I therefore take the opportunity to present the 2008/09 Annual Report, drafted in compliance the Municipal Systems Act and Municipal Finance Management Act.

A word of gratitude is due to the honourable councilors, Municipal Manager and his Management Team and all administrative staff for working together towards making Gamagara Local Municipality a desirable place to live in, invest and visit. Last but not least a special word of gratitude to Gamagara residents who continuously cooperate

and perform their civil duties in general, and in particular those who always meet the responsibility for paying municipal services. It is through the revenue generated through their payments that we are able to report on the progress we have been able to make as a municipality in each and every year.

Let us commit to work together in a social contract to push the barriers of poverty further away from the poor, build sustainable livelihoods and improve the quality of life for all because

"Together we can do More".

CIlr M.J RAKOI

MAYOR OF GAMAGARA LOCAL MUNICIPALITY



MUNICIPAL MANAGER: MR C JOACHIM

1.2 MUNICIPAL MANAGER'S FOREWORD

Once again its that time of the year to review our performance for the 2008/2009 financial year and report to our community both our achievements and our shortcomings. The year under review saw our municipality retaining its flag-bearer position as an example of efficient and effective service delivery agent in both the John Taolo Gaetsewe region and the Northern Cape Province.

However, despite this, our challenges multiplied as a result of a sharp rise in population due to flocking of job-seekers into Kathu and Sesheng. This increase in population put a strain on municipal services especially in Sesheng. As a result we then experienced a lot sewer blockages. We also experienced water shortages and reservoir overflows quite often in Kathu. The municipality's reserve capacity also has challenges as most of our pumps do not have reserve pumps to continue services during breakdowns. These challenges are also made more difficult by capacity constraints in the Technical Department. Due to the small size of the municipality, we are unable to compete financially in recruiting skilled technicians and end up employing new entrants into the job market who are still to learn the realities of the work environment.

We had a qualified audit report once more for the year under review. There is room for improvement and with hard work we can work towards an unqualified audit. Although there are still challenges with regard to management capacity, with training on municipal finance, we believe a positive improvement in our financial management will be recorded for the coming financial year.

The municipality has a low debt collection rate. This impact negatively on service delivery as we are unable to do more with less. Although a debt collection section was established, it has not been effective hence the challenge is hardening. A new effective way of collecting debt needs to be devised and implemented in 2009/2010 to improve the financial situation of the municipality.

Despite all these challenges, notable positive achievements have been recorded in this financial year key among others being:

- the completion of the Kathu East reservoir which cost R24 million
- the sewer network project in Ditlouw funded by MIG to the value of R4, 629,112,22
- sewer network for Mapoteng (Sesheng) to the value of R8 million

The challenges and the achievements mentioned above can only be surmounted and bettered by a sound working relationship between council and administration. As we move forward we commit to do our best to strengthen our internal capacity, do the required training to ensure effective and efficient service delivery to all communities of Gamagara local municipality.

MR C JOACHIM



Political Party Representation : African National Congress

Municipal Portfolio : Finance and Corporate Services

Provincial Portfolio : Health

Councillor D P Moyo

MUNICIPAL MANAGER OF GAMAGARA LOCAL MUNICIPALITY

Political Party Representation :
Independent Democrats

Municipal Portfolio : *Community &
Technical Services Services*

Provincial Portfolio : *Social Services &
Population Development*



Councillor J Kaars



Political Party Representation : *African National
Congress*

Municipal Portfolio : *All Municipal Departments*

Provincial Portfolio : *Environmental Affairs and
Nature Conservation*

Councillor O E Nampa

Political Party Representation : *African National Congress*

Municipal Portfolio : *All Municipal Departments*

Provincial Portfolio : *Roads and Public Works*



Councillor K L Bosman



Political Party Representation : *African National Congress*

Municipal Portfolio : *Community & Technical Services Services*

Provincial Portfolio : *Transport, Safety and Liaison*

Councillor M M Diniza

Political Party Representation : *Democratic Alliance*

Municipal Portfolio : *Finance and Corporate Services*

Provincial Portfolio : *Finance, Economic Development & Tourism*



Councillor A C Olivier

OVERVIEW OF GAMAGARA LOCAL MUNICIPALITY

1.2.1 Geographic Profile

Gamagara Local Municipality comprises of an area of 2619 square kilometres, and is located in the North Eastern sector of the Northern Cape, on the N14 National Road between Upington and Vryburg. It is approximately 200km North East of Upington and 280km North West of Kimberley.



The municipal area of Gamagara consists of 5 towns, Kathu, Shesheng, Dibeng, Dingleton, and Olifantshoek, a large farming area and a considerable mining area. The single largest factor that has guided the development of the Gamagara area is the iron ore mine at Sishen. Not only does the mine provide jobs to thousands of people, but it was also the reason for the establishment of the town of Kathu. Kathu is the largest town within the municipality and is also the administrative centre of the

Gamagara Local Municipality. Olifantshoek is the second largest town and is of the Gamagara River to the northwest of Kathu. Dingleton is the smallest of the 5 towns and is located in the centre of the mining activities directly south of Kathu.

Kathu

Kathu, 'the town under the trees', came into being because of Iscor's iron ore mining activity in the Kalahari. Municipal status was allocated to the town of Kathu during July 1979. Kathu is connected by rail (Dingleton Station) via Kimberley as well as by road to all the main centres namely Johannesburg, Bloemfontein, Windhoek and Cape Town and has an airport with a tarmac runway. The municipality originally consisted of 2 towns namely Sishen and Kathu. Iskor started developing the town of Sishen in 1953 - south of the mining area. On 23 June 1990 the name Sishen was changed to Dingleton. Development to the new town, Kathu, began in 1974 after proclamation was finalized in 1972.

Kathu, 1230 meter above sea level, is one of the most beautiful and modern towns in the country. It is situated in the Kathu-bush, which mainly exist of majestic camel thorn trees. In 1994 this extensive bush area together with the salt pans, rich in pre-historic foundings, was proclaimed as a nature reserve heritage. There are more



than 200 different bird species to be found in these bush areas. The gathering of camel thorn pods used as livestock fodder makes a useful income for many who are jobless.

One of the main attractions for visitors is the Sishen Mine, which is one of the largest open iron ore mines in the world. An eye-catching sight for visitors is the gigantic iron ore trucks with loads of up to 170 ton. The ore railway line from Sishen to Saldanha had the distinction of being the longest iron ore carrier in the world.

Well equipped recreation facilities of the highest quality with a variety of sports facilities, including one of the most beautiful golf courses in the country and Olympic standard swimming bath, as well as modern club and conference facilities are available to the sports enthusiast.

Sesheng

Sesheng is located to the west of Kathu and was initially planned as a high density



residential area for mine workers, without families of any social structure. It consists of group housing units that belong to the mine to the west, with small pockets of other houses to the west thereof. The larger residential housing component of Sesheng is located nearer to Kathu in the form of single residential houses (Ext 5). The area to the east of Sesheng is the fastest growing residential area outside of Kathu.

Dibeng



Dibeng started off as a small settlement on the banks of the Gamagara River which provided water for the small-holdings that run the full length of town. The residential areas are characterized by the river in the centre of town and the rocky limestone outcrops directly east and west of the river. Dibeng consists entirely of single residential houses, but can be split into a low density area to the west and higher density and less formal houses to the east. Dibeng was given its name by the Tswana and means "first drinking place". This small town is situated on the banks of the dry Gamagara River. Residents have to provide their own water and every property has its own wind pump, therefore Dibeng is sometimes referred to as "the sunflower town".



Olifantshoek

This is the only town lying at the foot of the Langeberg; Olifantshoek is a farming town close to two game ranches on the Namakwari Route.



Founded in 1895, the village is called the 'Gateway to the White and Roaring Sands', 78km south of the town. The town was founded in 1897. The town used to be the land of the Tswana, where tribes like Batlhaping and Batlharo used to dwell. Olifantshoek boasts an abundance of adventure, natural wonders and cultural artefacts that can be explored by all enthusiasts.

It is Northwest of Kathu, Northeast of Kuruman and Southwest of Upington. In the year 2000 Olifantshoek Municipality became part of Tsantsabane Local Municipality until 2006 when it was amalgamated into Gamagara Local Municipality. The town is a low/medium density residential area, but due to the new developments which are underway it will in future become a high density residential area. Other developments include a 18 hole golf course.

1.2.2 Infrastructure

Gamagara Local Municipality has jurisdiction over an area of 2619 km² and a municipal valuation of taxable property in excess of R500 - million.

Healthcare is taken care of by two clinics and a private mine hospital as well as a provincial hospital. The transportation system comprises of road, rail and air links with the major industrial and urban centres.

Kathu has 95 established businesses with 30 business stands for the development of secondary industries in the light industrial area. Dingleton has 12 developed business stands with a total of 192 businesses in the Gamagara Local Municipality's area of jurisdiction.

Education is taken care of through nine government schools. Kathu Technical College, offer secondary, tertiary and technical. An accredited Technical training Centre in Kathu offer training in various engineering disciplines.

The golf course at Kathu is rated as one of the top 20 in the country.

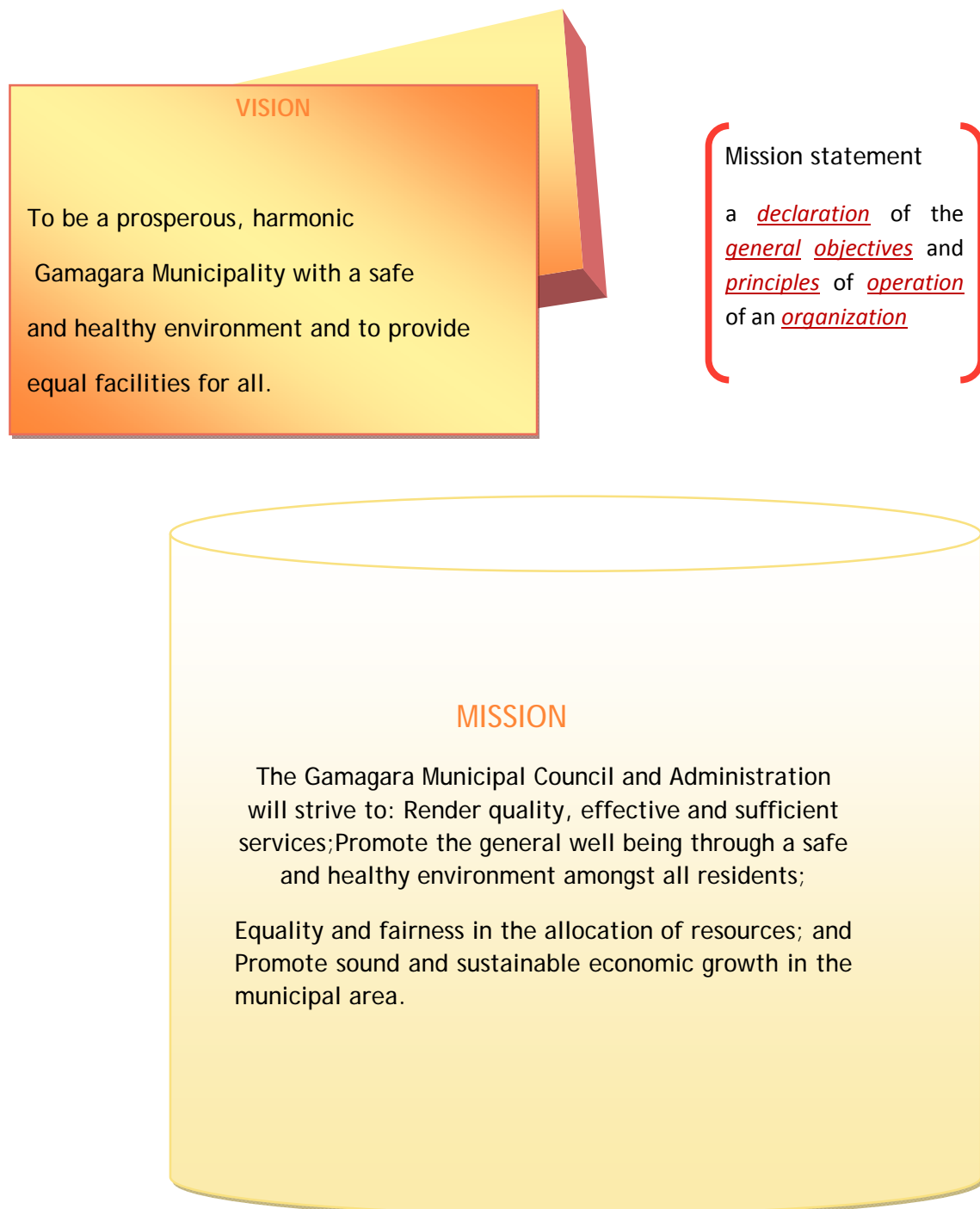
1.2.3 Future considerations

Due to the extension of mining activities in the Gamagara municipal jurisdiction, the need for residential and industrial development is prevalent.

1.3 EXECUTIVE SUMMARY

The goals and objectives of the municipality as in the Integrated Development Plan (IDP) have been aligned with the Performance Management System (PMS). Key Performance Areas and Development Objectives stated here are as it appears in the PMS.

1.3.1 Vision, mission and strategic priorities



1.3.2 Key Performance Areas [IDP 2008/2009]

| Key Performance Area | Description |
|--|---|
| Infrastructure & Basic Services | The provision of applicable infrastructure and the maintenance thereof. |
| Local Economic Development | The stimulation, strengthening and improvement of the local economy in order to achieve sustainable growth; |
| Financial Viability and Financial Management | The promotion and maintenance of a financially viable municipality. |
| Good Governance and Community Participation | The role of ward committees and CDW's for ensuring effective public participation. |
| Municipal Transformation & Institutional development | The facilitation and development of sustainable service delivery capacity building in the municipality |

1.3.3 Priority Issues [IDP 2008/2009]

| Priority No. | PRIORITY ISSUES 2008- 2009 |
|--------------|--|
| 1 | Housing |
| 2 | Water and Sanitation |
| 3 | Roads and Transport |
| 4 | LED / Jobcreation |
| 5 | Youth Development |
| 6 | Land |
| 7 | Environmental/ Health issues |
| 8 | Recreational facilities |
| 9 | Public Safety |
| 10 | Municipal Transformation & institutional Development |
| 11 | Municipal Financial viability & Management |
| 12 | Good governance & public participation |

1.3.4 Development Objectives by Key Performance Area

Development Objectives were reviewed during the financial year as part of the IDP Review process. Development Objectives have been arranged by Key performance.

| KPA | Development Issue | IDP Development Goal/Objectives |
|---|--|---|
| KPA 1: Basic service delivery and infrastructure investment | 1. Housing: The provision of houses in the Municipality becoming more of a priority for the various Communities. | To ensure building of proper houses through National and Provincial housing scheme To ensure ordained building activities as prescribed by building regulations To fast track the facilitation of rental housing To ensure provision of housing for relocation of Dingleton. |
| | 2. Water and Sanitation: Provision of basic services through out the municipal area to cater for future and private development | To fast track the process of reaching the National targets related to water and sanitation To provide water and sanitation to residents To provide free basic services to indigents To develop a infrastructure policy for whole municipality |
| | 3. Roads and Transport: The construction and upgrading of new and existing roads. | To ensure the municipality reach the National targets related to roads To maintain and upgrade all gravel roads |

| KPA | Development Issue | IDP Development Goal/Objectives |
|-----------------------------------|--|---|
| | | To provide and improve the availability of sufficient public transport facilities |
| | <p>4. Environmental & Municipal Health:</p> <p>Deal with the Municipal health function defined in the National Health Act and the constitutional obligations, eg. Like cleansing water, waste management and environmental management. Asbestos and disaster management will form part of the issue.</p> | <p>To facilitate the reduction of asbestos pollution and reduction of areas effected by asbestos.</p> <p>To provide a co-ordinated disaster management policy that focus on prevention on reduction of risk of disaster.</p> <p>To provide effective municipal environmental health services as determind by the NHA to the total municipality by 2012.</p> |
| | <p>4. HIV/AIDS:</p> <p>Ensuring the focus of the pandemic in our communities which cannot be ignored and working hand in hand with other institutions an allocate resources to the prevalence of the disease.</p> | <p>To reduce the prevalence rate of HIV/AIDS in the Municipality.</p> <p>To decrease the infection rate of HIV/AIDS in the municipal area.</p> |
| KPA 2: Local Economic Development | <p>5. LOCAL ECONOMIC DEVELOPMENT:</p> <p>To promote economic growth of the area through LED, mining, agriculture and the related economic potentials. Also focussing on creating an</p> | <p>To finalise the LED strategy in line with the new National LED Framework</p> <p>To improve institutional capacity for LED</p> <p>To create an enabling</p> |

| KPA | Development Issue | IDP Development Goal/Objectives |
|---|---|--|
| | <p>environment for economic growth and investors to invest. The cross- cutting nature of the LED Issue should be catered for and more focus on infrastructure, which contribute to LED.</p> | <p>environment for LED in the Municipality</p> <p>To oversee the establishment of economic sector forums</p> <p>To stimulate tourism in the Municipal area.</p> <p>To facilitate the creation of jobs / employment opportunities in the district.</p> <p>To develop an incentive policy for investors in the Municipal area.</p> |
| | <p>6. Land Development:</p> <p>The issues that will be dealt with are the following: land-reform and re-distribution, continue availability of land for various uses like agricultural, mining, residential and commercial. Appropriate land use management system in the municipality. Development, review and implementation of spatial development frameworks fall under this issue as well.</p> | <p>To do a proper land audit for the entire municipality.</p> <p>To develop and implement a land policy to the maximum benefit of HDI'S</p> <p>To ensure the optimal usage of land</p> <p>To negotiate with Kumba for provsion of suitable land</p> |
| KPA 3: Municipal Financial viability and management | <p>8.Sustainable Developmental Orientated Municipalities:</p> <p>This issue considers improved local governance in the municipality over a 5 year period. It will consider aspects like financial viability (revenue raising strategies and financial</p> | <p>To compile the annual budget according to the MFMA and relevant legislation</p> <p>To ensure full implementation of the Property Rates Act</p> <p>To improve the financial</p> |

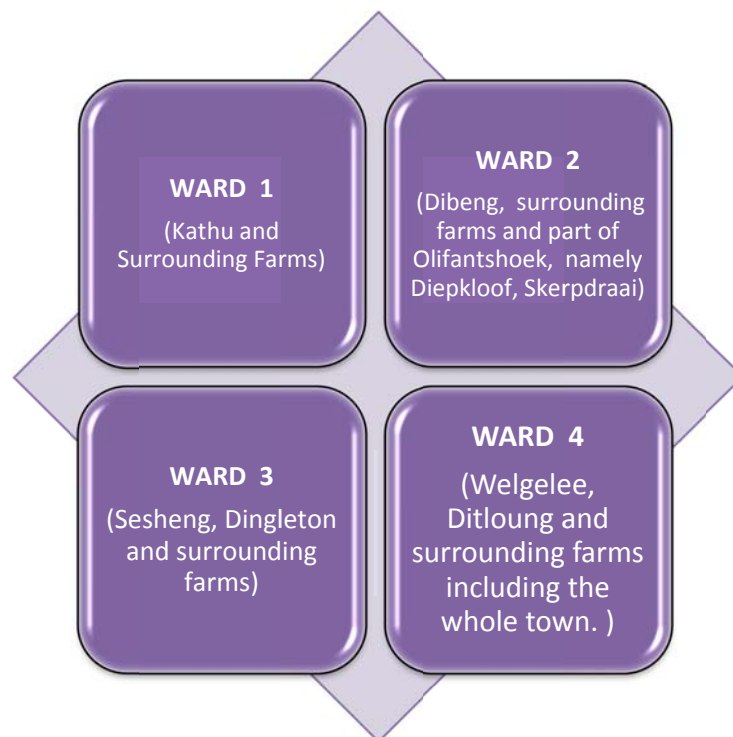
| KPA | Development Issue | IDP Development Goal/Objectives |
|---|---|--|
| | <p>systems), good governance (community participation, ward committees) and institutional development (Human resource development) and transformation. It is very much an internal focused issue. Communication was identified as critical to the process of good governance and should be prioritized.</p> | <p>system to accommodate the reporting requirements of government</p> <p>To measure financial viability as expressed in the ratios prescribed in the Planning and Performance Management Regulations, 2001</p> <p>To ensure the effective and transparent conducting of internal audit processes</p> |
| <p>KPA 4: Municipal Transformation and Institutional Development</p> | <p>8. Sustainable Developmental Orientated Municipalities (Cont):</p> <p>This issue focus on improved local governance in the municipality over a 5 year period. It will consider aspects like financial viability (revenue raising strategies and financial systems), good governance (community participation, ward committees) and institutional development (Human resource development) and transformation. It is very much an internal focused issue. Communication was identified as critical to the process of good governance and should be prioritized.</p> | <p>To attract and retain staff</p> <p>To review & implement the Employment Equity Plan</p> <p>To train and develop employees in accordance with the Workplace Skills Plan</p> <p>To maintain sound labour relations</p> <p>To develop and implement a proper HR Strategy</p> |
| <p>KPA 5: Good governance and community public participation</p> | <p>8. Sustainable Developmental Orientated Municipalities (Cont.):</p> <p>This issue focus on improved local governance in the</p> | <p>To ensure effective integrated development planning and performance management in the municipality</p> |

| KPA | Development Issue | IDP Development Goal/Objectives |
|-----|--|---|
| | <p>municipality over a 5 year period. It will consider aspects like financial viability (revenue raising strategies and financial systems), good governance (community participation, ward committees) and institutional development (Human resource development) and transformation. It is very much an internal focused issue. Communication was identified as critical to the process of good governance and should be prioritized.</p> | <p>To review the Risk Assessment document and implementation there off.</p> <p>To develop and implement the communication strategy</p> <p>To ensure and promote the participation of ward committee in enhancing LG</p> <p>To improve and maintain an ICT system</p> <p>To review and promulgate by-laws</p> <p>To provide and maintain effective administrative systems</p> <p>To oversee the implementation of the DGDS</p> <p>To strengthen accountability</p> <p>To ensure public safety become a standing item on council agenda and ensuring community participation in Community safety forums</p> |

1.3.5 Governance

Gamagara Local Municipality was established by Section 12 Notice O.N. 32 of 2000 published in Provincial Gazette 564 of 6 October 2000, and consists of the former municipalities of Kathu and Deben as well as other remote areas.

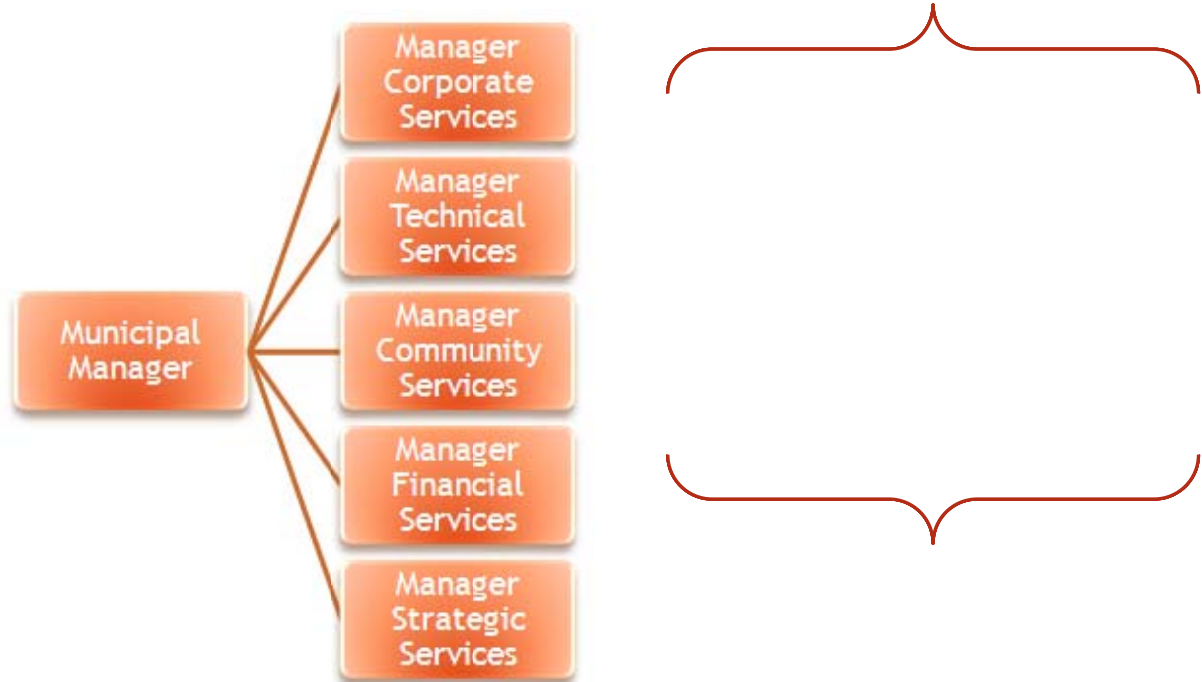
Gamagara Local Municipality has four (4) municipal wards:



| | |
|------------------|-------------------------------|
| Mayor J Rakoi | (Proportional Representative) |
| Cllr A Olivier | Ward 1 |
| Cllr O P Hantise | Ward 2 |

| | |
|-----------------|--|
| Cllr O I Nampa | Ward 3 |
| Cllr M M Diniza | Ward 4 |
| Cllr K L Bosman | (Proportional Representative) - Ward 3 |
| Cllr D P Moyo | (Proportional Representative) - Ward 1 |
| Cllr M J Rakoi | (Proportional Representative) - Ward 1 |
| Cllr J C Kaars | (Proportional Representative) - Ward 4 |

1.3.6 Executive



| | | |
|---|--|---|
|  | <p>Mr C Joachim is the Municipal Manager.</p> | <p>The Municipal Manager heads Gamagara Local Municipality's administration and provides the link between the political and administrative arms of the municipality.</p> |
|  | <p>Mr TC Itumeleng is the Manager Corporate Services</p> | <p>This department is responsible for: Administration; Auxiliary Services; Housing; Committee Services; Valuations; Legal Support; Planning; Property Management; Land Use management; Human Resource Management;</p> |



Mr K Ositang is the Acting
Manager Technical
Services

This department is responsible for all Water, Sanitation, Technical, Electricity and Roads Services of the Municipality.



Mr MN Grond is the
Manager Financial
Services

This department is responsible for the financial administration of the Municipality, as prescribed by legislation



Mrs Q Hinana is the
Manager Community
Services and Cleansing
Services.

Mrs Hinana were replaced
by Mr G Loeto during 2009

This department is responsible for Environmental Health, Cleansing, Parks and Recreation.

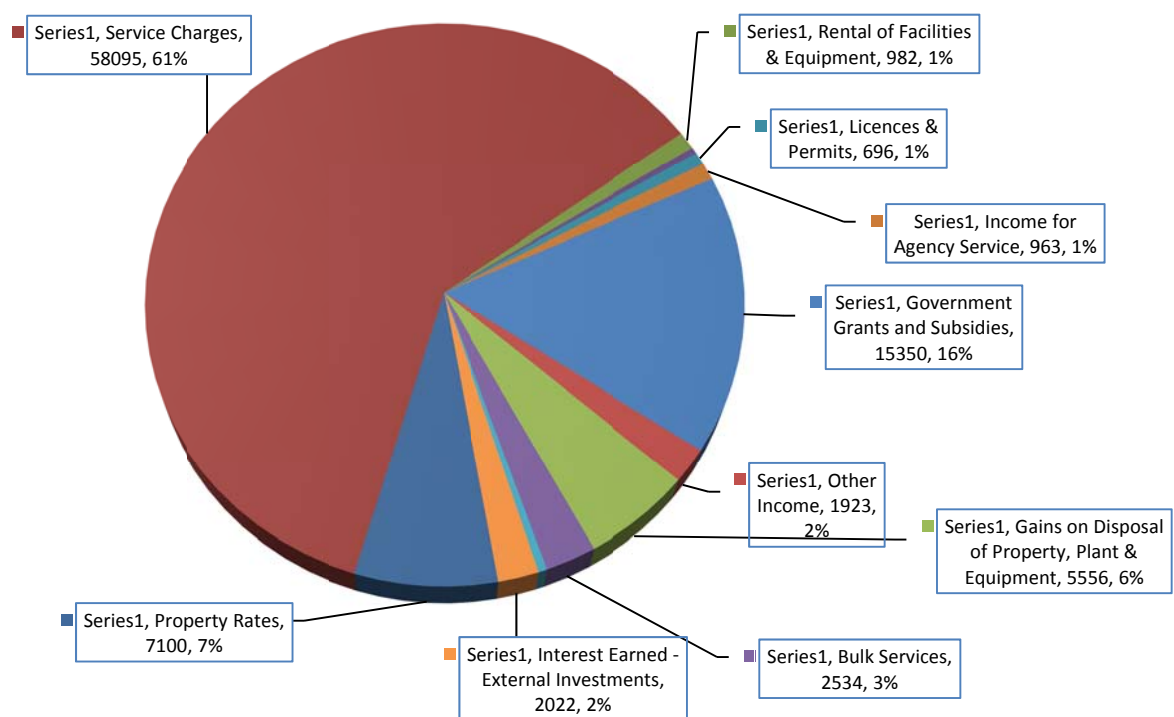
| | | |
|-------------|---|---|
| VACANT POST | Manager Strategic Services has been identified as a new post, but has not been filled | This department is responsible for Economic Development, IDP and Performance Management Systems |
|-------------|---|---|

1.3.7 Financial Health

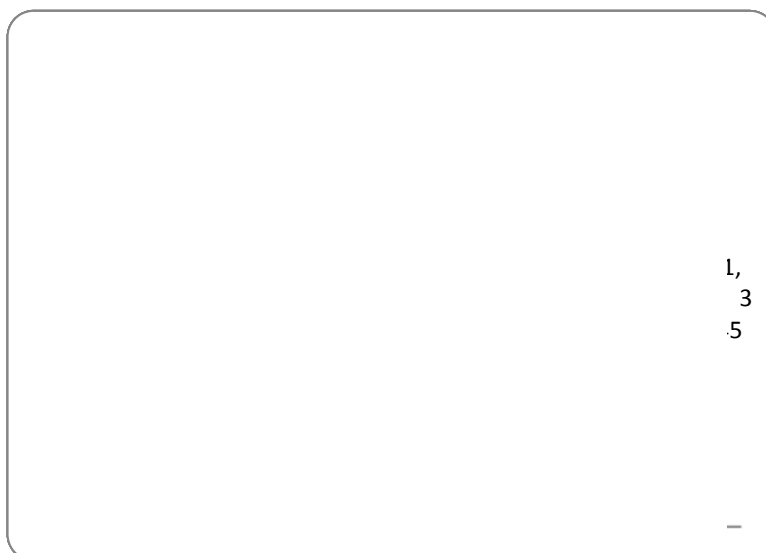
(Full details in financial statements: See Chapter 4)

Gamagara Local Municipality did not escape the economic downturn. Expenditure surpassed Income by 8%. A Deficit of R7 million were realised, mainly due to the income from the sale of Land not being realised. The Budget also needed to be adjusted significantly due to revenue anticipations exceeded actual collections.

REVENUE 2008/2009



DEBTORS 2008/2009





1.3.8 Developments



Gamagara has enormous development opportunities, especially due to mining expansion.

2008/2009



Kathu Village Mall opened its doors on 27 November 2008. Development cost amounted to R140 million, with a number of major retailers such as Edgars, Ackermans, Foschini, Pep, Markham, Tekkie Town. The mall provides a shopping experience, but it is also making a positive contribution to the economic growth of the town. The mall is under full operation. In the next decade, Kathu is expected to double in size due to economic activity.



2.1 SERVICE OFFERINGS

Gamagara Local Municipality performs all functions assigned to it i.t.o the Constitution. Fire fighting and emergency services are however provided by Kumba Sishen Iron Ore Mine.

| FUNCTION | DEFINITION |
|--------------------------|---|
| Air pollution | Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future. |
| Building regulations | The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: <ul style="list-style-type: none"> ▪ Approval of building plans, ▪ Building inspections, and ▪ Control of operations and enforcement of contraventions of building regulations if not already provided for in national and provincial legislation. |
| Child care facilities | Facilities for early childhood care and development which fall outside the competence of national and provincial government. |
| Electricity reticulation | Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, tariff policies, monitoring of the operation of the facilities for adherence to standards and registration requirements, and any other matter pertaining to the provision of electricity in the municipal areas. |
| Fire Fighting | In relation to Local Municipality "Fire fighting" means: <ul style="list-style-type: none"> ▪ Any function not included in the definition applicable to a district municipality, including fighting and extinguishing of all fires; ▪ The rescue and protection of any person, animal or property in emergency situations not covered by other legislation or powers and functions. |
| Local tourism | The promotion, marketing and if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and control the tourism industry in the municipal area subject to any provincial and national legislation, and without affecting the competencies of national/provincial government pertaining to "nature conservation", "museums", "libraries" and "provincial cultural matters". |
| Municipal | A demarcated area on land or water or a building which is used or intended to be used either wholly or in part, for the arrival or departure of aircraft |

| | |
|--------------------|---|
| airport | which includes the establishment and maintenance of such facility including all infrastructure and services associated with an airport, and the regulation and control of the facility, but excludes airports falling within the competence of national and provincial governments. |
| Municipal Planning | The compilation and implementation of an integrated development plan in terms of the Systems Act. |

| | | | | | | |
|---|----------|---------|---------|-----|--------|-----|
| Spending on maintenance to ensure no new backlogs created (R'000) | R 12 | R 12 | R 28 | N/A | N/A | N/A |
| ELECTRICITY BACKLOGS (<10KWH PER MONTH) | | | | | | |
| Backlogs to be eliminated (Households not receiving minimum level of service) | 489 | 489 | 0 | 0 | 0 | 0 |
| Backlogs to be eliminated (% backlog Households/total households in municipality) | 3% | 3% | 0% | N/A | N/A | N/A |
| Spending on new infrastructure to eliminate backlogs (R'000) | R 13,000 | R 0 | R 0 | N/A | N/A | N/A |
| Spending on Renewal of existing infrastructure to eliminate backlogs (R'000) | R 900 | 900 | R 341 | N/A | N/A | N/A |
| Total spending to eliminate backlogs | R 900 | 900 | R 341 | N/A | N/A | N/A |
| Spending on maintenance to ensure no new backlogs created (R'000) | R 900 | 900 | R 341 | N/A | N/A | N/A |
| ROADS BACKLOGS | | | | | | |
| Backlogs to be eliminated (Households not receiving minimum level of service) | 0 | 0 | 0 | 0 | 0 | 0 |
| Backlogs to be eliminated (% backlog Households/total households in municipality) | 0 | 0 | 0 | N/A | N/A | N/A |
| Spending on new infrastructure to eliminate backlogs (R'000) | R 0 | R 0 | R 0 | N/A | N/A | N/A |
| Spending on Renewal of existing infrastructure to eliminate backlogs (R'000) | R 5,350 | R 5,350 | R 1,595 | N/A | R2,150 | N/A |
| Total spending to eliminate backlogs | R 5,350 | R 5,350 | R 1,595 | N/A | N/A | N/A |
| Spending on maintenance to ensure no new backlogs created (R'000) | R 158 | R 158 | R 153 | N/A | N/A | N/A |

1.1 PLANNING AND SURVEYING

Gamagara Local Municipality is continuing with unprecedented growth and various factors linked mainly to the mining industries in the area, lead to increased planning activities, as indicated in the tables below.



| Category | Applications outstanding on 1 July 2008 | Number of new applications received 2008/09 | Total value of applications received (000') | Applications outstanding 30 June 2009 |
|---------------------------|---|---|---|---------------------------------------|
| Residential new | 0 | 624 | 60,168 | 0 |
| Residential additions | 0 | 46 | 7,223 | 0 |
| Commercial | 0 | 11 | 9,336 | 0 |
| Industrial | 0 | | | 0 |
| Other : | | | | |
| Cell phone antennae | 0 | 4 | 43 | 0 |
| Store for flammable goods | 0 | 0 | 0 | 0 |
| Classrooms at College | 0 | 0 | 0 | 0 |
| Total | 0 | 685 | 76,770 | 0 |



1.2 PERFORMANCE REPORT

1.2.1 Performance management activities during the year

A performance report should reflect¹:

- (i) *the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;*
- (ii) *the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and*
- (iii) *measures that were or are to be taken to improve performance;*

Performance management activities during the year focused on the alignment of performance management with the IDP and Budget and correction of shortcomings identified in the previous year. The following activities took place:

- Adjusting the objectives and development objectives in the IDP to align it with Performance Management Regulations and aligning the IDP and PMS;
- Refinement of performance indicators and targets in terms of the SDBIP;
- Measurement of achievement of objectives of the IDP; and
- Measurement of the performance of Section 57 employees

1.2.2 National Indicators

National Indicators, as set out in the Performance Management Regulations, are the following:

| No. | INDICATOR | ACHIEVED 2007/08 | ACHIEVED 2008/09 |
|-----|---|---------------------|---------------------|
| 1 | The percentage of households with access to basic level of service w.r.t : | | |
| 1.1 | Water | 92.9% | 100% |
| 1.2 | Sanitation | 92.9% | 100% |
| 1.3 | Electricity | 92.9% | 92.9% |
| 1.4 | Solid Waste Removal | 92.9% | 100% |
| 2 | Percentage of households earning less than R1880 per month with imputed expenditure with access to all free basic services | 100% | 100% (1079) |
| 3 | The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP. | 39% | |

| | | | |
|-----|---|-----|-----|
| 4 | The number of jobs created through the municipality's local economic development initiatives including capital projects. | | 82+ |
| 5 | The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan. | 75% | 75% |
| 6 | The percentage of a municipality's budget actually spent on implementing its workplace skills plan. | N/A | N/A |
| 7 | Financial viability as expressed by ratios: | | |
| 7.1 | Debt coverage | | |
| 7.2 | Outstanding service debtors to revenue | | |
| 7.3 | Cost coverage | | |

1.2.3 Service Delivery Indicators

Indicators for service delivery in terms of departmental business plans as captured in the SDBIP for 2008/09 were developed. Indicators are attached as **Annexure B**.

1.2.4 Performance Measures

1.2.4.1 IDP Project Implementation

It must be noted that due to anticipated revenue not being realised, less than 10% of projects listed in the IDP could be executed.

| Project no | Project name | Amount Budgeted include VAT | Completion stages | Source of funding |
|------------|--|-----------------------------|--|-------------------|
| 1. | Supply and installation of mechanical & electrical booster sewerpump-Kathu | R2 860 226.94 | 100% complete | Internal funds |
| 2. | Upgrading of gravel roads-O'hoek | R1 500 000.00 | 100% complete | Internal funds |
| 3. | EPWP Taxi access road-O'hoek | R2 500 000.00 | 100% complete | DTR&PW |
| 4. | 289 Water & Sanitation - Sesheng | R8 600 000-00 | 100% complete | Kumba SLP |
| 5. | Extension of sewer network Diep kloof-O'hoek | R3 089 000-00 | Business plan & technical report submitted to department | MIG |
| 6. | Fencing of municipal building - O'HOEK | R350,000-00 | 100% Complete | Internal funds |
| 7. | Completion of Dibeng clinic | Dept. Of health | 100% complete | DTR&PW |
| 8. | Upgrading of tswaragano ECD | R65,000-00 | 100% Complete | Internal funds |

Other IDP Capital Projects 2008/2009

| Project no | KPA | Project name | Amount Budgeted include VAT | Completion stages |
|------------|----------------------|--|-----------------------------|-------------------|
| 1. | Basic Infrastructure | Construction of Reservoir and Elevated Tower for Kathu | R24,5 Million | 98% |
| 2. | Basic Infrastructure | Sesheng 200 Precast Toilets | R1,7 Million | 100% |

LED Projects 2008/2009

| PROGRAMMES /and PROJECTS | OUTPUT | Indicator | Actual Performance against target | | |
|---|---|-------------------------------|-----------------------------------|----------------------|--------------------|
| | | | Target (2009/10) | Baseline (2007/8) | Actual (2008/9) |
| Gamagara Integrated Cleaning enterprise | Established in 2007/2008 Cleaning Contract to cleaning offices Khomani, cleaning scrap yard metals | Number of jobs created | 120 | 34 | 84 |
| | | Number of contracts secured | 3 | 2 | 2 |
| | | Number of trainings conducted | 3 | 0 | 1 |
| | Manufacturing of household chemicals | Number of job created | 15 | 4 | 6 |
| | | Number of contracts secured | 5 | 0 | 2 |
| | | Workshop/training | | | |
| Temba Organic | Established in 2008/9 | Number of job created | 34 | 0 | 17 |
| Car Wash | | Number of job created | 6 | 0 | 6 |
| BRICK MAKING FACTORY | Fencing and electrify of factory | | 0 | 0 | 0 |

| | | | | | |
|---|---|---|---|---|---|
| Ntataise | 1. Wannop craft 2. Dingleton sewing 3. GICE | Workshops & Training | 1 | 1 | 1 |
| Co-operative | 1. Ikhaya Lethu Laundry Services 2. Bomme Sewing & Cleaning 3. Tsholofelo Food Garden 4. Mafulo a Matala Farming | Number of co-operatives assisted | 4 | 0 | 3 |
| Learner-ships | | Number of learners who successfully completed the program | 4 | 0 | 4 |
| Consultation with private sector to leverage funding | | Number of projects funded through LED facilitation | 4 | 0 | 4 |
| Projected funded internally | 1. Car wash 2. Laundry 3. Wannop Craft | Number of projects funded internally | 3 | 0 | 3 |
| Development of LED Strategy | Work in progress Proposals are invited | Number of LED strategy adopted by council previously | 1 | 0 | 0 |
| Formalisation of relations between Departments & stakeholders | Social Labour Plans with Khumani & Kumba | | 2 | 1 | 2 |

| | | | | | |
|----------------------------------|---|--|--|--|--|
| LED Unit Capacity building | 1. Coaching, Mentoring & Assessors Training 2. Economic Analysis Training 3. Statistical Capacity Building in Monitoring of Sustainable Development 4. Tourism Course/Training | | | | |
|----------------------------------|---|--|--|--|--|



HUMAN RESOURCE and ORGANISATIONAL MANAGEMENT

2.1 ORGANISATIONAL STRUCTURE

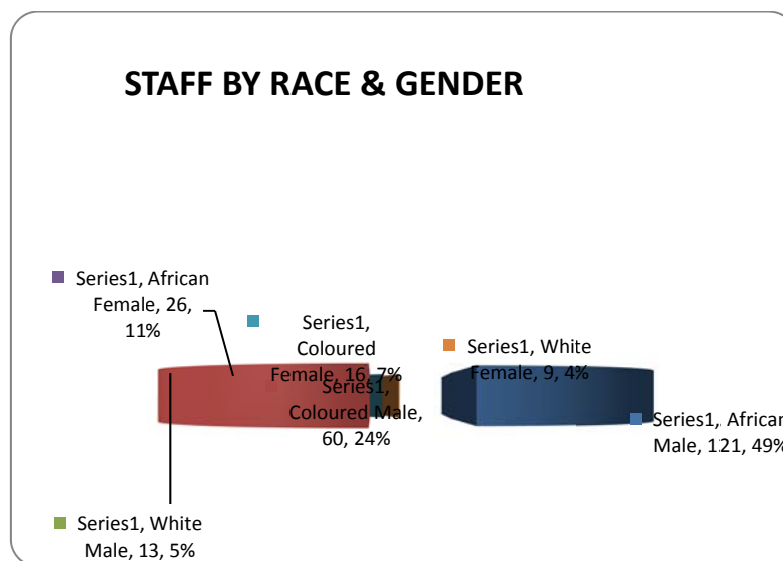
A high level organisational structure of the municipality is as follows:



2.2 STAFF PROFILE

2.2.1 Staff by race and gender

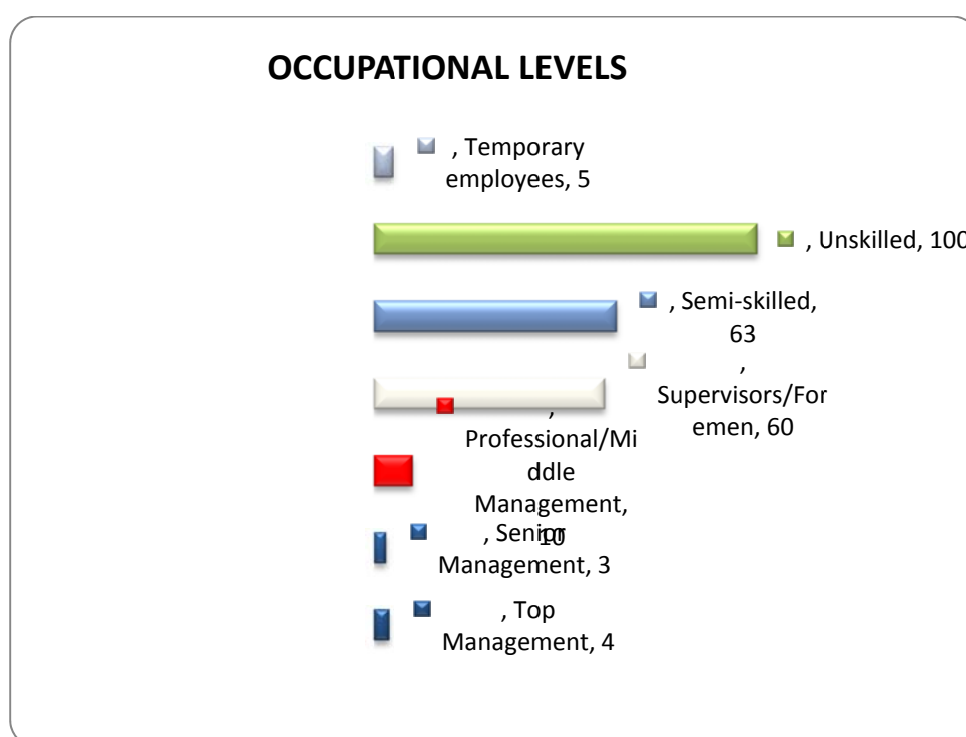
The number and percentage of all staff broken down in terms of race and gender as at 30 June 2009 are indicated in the table below:



2.2.2 Employees/Representation in occupational level

The number and percentage staff in occupational level as per Regulations EEA2, broken down by race and gender as at 30 June 2008 are as indicated below.

| Occupational Levels | African Male | Coloured Male | White Male | African Female | Coloured Female | White Female |
|--------------------------------|--------------|---------------|------------|----------------|-----------------|--------------|
| Top Management | 2 | 1 | 0 | 1 | 0 | 0 |
| Senior Management | 2 | 0 | 0 | 0 | 0 | 1 |
| Professional/Middle Management | 3 | 1 | 2 | 2 | 0 | 2 |
| Supervisors/Foremen | 24 | 8 | 8 | 7 | 8 | 5 |
| Semi-skilled | 37 | 11 | 1 | 11 | 3 | 0 |
| Unskilled | 51 | 39 | 0 | 5 | 5 | 0 |
| Temporary employees | 2 | 0 | 2 | 0 | 0 | 1 |



2.2.3 Employment Equity Plan

Gamagara Local Municipality's holistic approach to employment equity relates to the vision of an institutional culture that is free of all forms of discrimination (including harassment), that nurtures everyone and that not only tolerates differences, but values diversity for the richness it brings to the work of a Municipality.

During the year appointments and promotions were conducted in accordance with the Employment Equity (EE) Plan, as far as possible. Following to the Plan and EE Policy, appointments will be made according to an Employment Equity schedule of numeric goals (i.e. if the numeric goal schedule indicates that the highest need is for black women, this will be the first choice, thereafter the next need, etc). If the personnel committee recommends a candidate who is not a member of the group as specified in the numeric goal schedule, they must fully motivate their conclusion that no suitably qualified candidate from the relevant groups could be found for the post.

2.2.4 Training

Gamagara Local Municipality values its staff and considers training of staff imperative for continued excellent service delivery. During the financial year several workshops were attended by both staff and Councillors and extensive training of staff took place.

Cllr Dineo Moyo was awarded a bursary to study for a National Diploma: Public Management, Cllr Edwin Hantise attended the Certificate Programme in Municipal Finance Management with the University of Pretoria, Mr Herbert Motlonye (Chief LED Officer) attended an NQF level 6 Learnership Programme, Mr T.C Itumeleng (Manager Corporate Services) attended an Executive Leadership Municipal Development Programme with the University of Pretoria. Due to financial constraints, most employees attended the training arranged by MTI as they are fully paid by the Local Government Seta. Mr J Andrews , Ms K.J Mathe, Z Ngcatsha and Ms C Goliath(Loose Equipment), Mr T Tiroyame (Housing Consumer Education Train-the-Trainer), Ms R Apools-Sebogodi and Mr S Letebele (Management Training Phase 1 and Management Phase 2 Level 3), Mr H Nell (Water & Wastewater Accredited Training), Mr G.H Butshwane and Mr D.M Leshonang (Water & Wastewater Accredited Training and Workplace Coaching and Assessment).

2.2.5 Medical aid and pension fund membership

All employees are members of a medical aid and pension fund, selected by own choice from the list below:

- Key Health Medical Scheme
- Samwumed
- Bonitas
- LA Health - Discovery



Pension Funds

All councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund has their own rules, compliant to legislation, that they must adhere to.

Cape Joint Municipal Councillors Pension Fund (for Councillors only)



Imatu - National Fund for Municipal Workers



Sanlam



Samwu National Provident Fund(Lekana Employee Benefit)

IT SYSTEMS

Gamagara Local Municipality utilizes the following IT systems:

| AREA | SYSTEM |
|----------------------------|----------|
| Financial System | Sebata |
| GIS - Document flow - TGIS | IMIS |
| HR and Leave | Capman |
| Performance Management | ePerform |

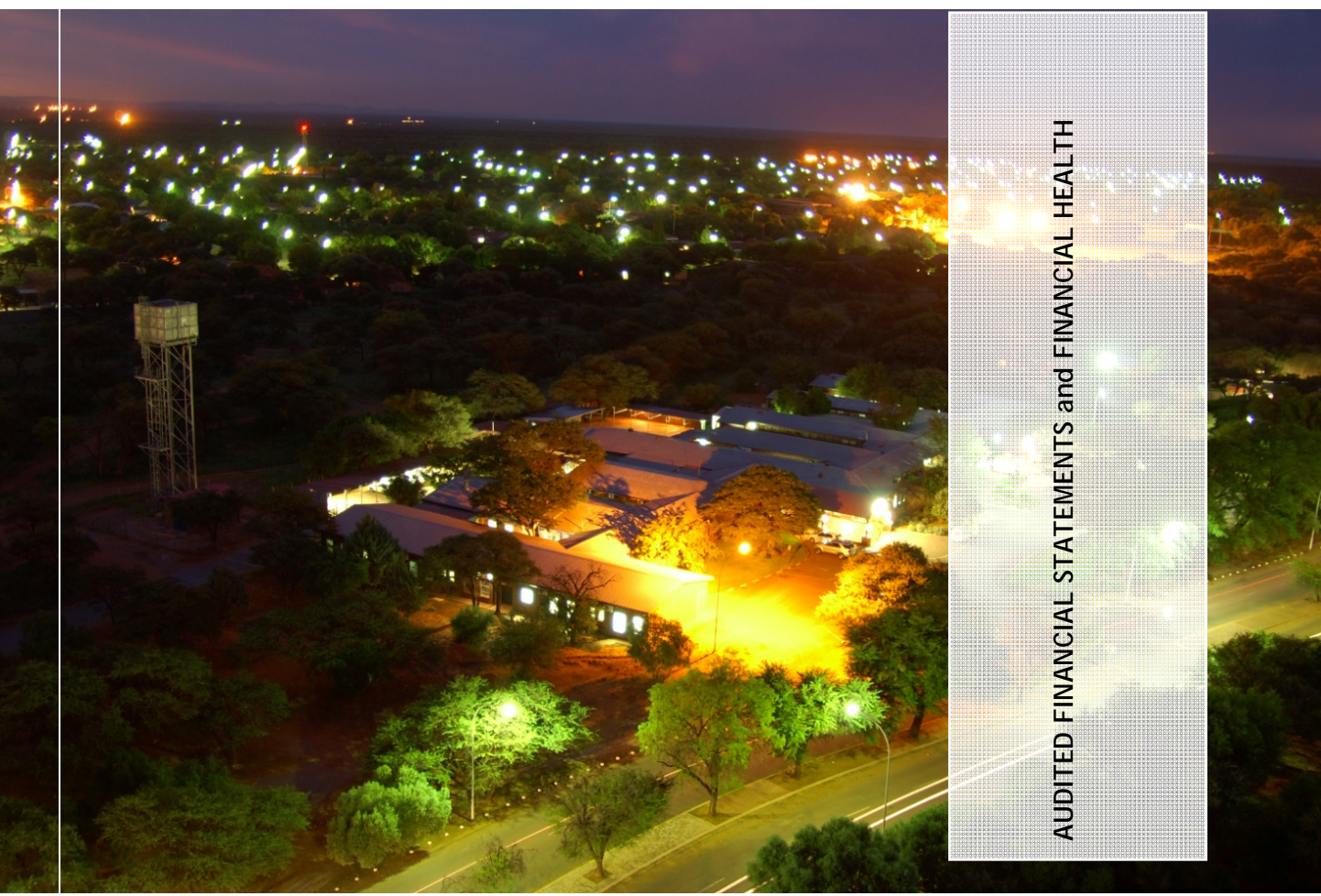
2.3 BENEFIT DISCLOSURE: OFFICE BEARERS AND ADMINISTRATION

2.3.1 Political Office Bearers

| Political Office Bearer | Salary (000') |
|---|---------------|
| Mayor (Mr MJ Rakoi) | 500 |
| Councillors | 1038 |
| Councillors' Pension / Medical Aid Contribution | 94 |
| Total Councillors' Remuneration | 1633 |

2.3.2 Administration

| | Salary | Allowances | Contributions | | | (R000') |
|---|--------|------------------|---------------|-----|-------------|---------|
| | | Travel & Vehicle | Pension Fund | UIF | Medical Aid | Total |
| Municipal Manager (Mr C Joachim) | 379 | 219 | 90 | | | 688 |
| | | | | | | |
| Chief Financial Officer (Mr MN Grond) | 422 | 160 | | | | 582 |
| | | | | | | |
| Managers Community Services (Mrs Q Hinana) | 468 | 133 | | | | 601 |
| Manager Corporate Services (Mr TC Itumeleng) | 406 | 200 | | | | 606 |
| Manager Technical Services (Mr K Ositang) | 445 | 83 | 16 | | | 543 |



AUDITED FINANCIAL STATEMENTS and FINANCIAL HEALTH

AUDIT REPORT 2008/2009

FINANCIAL STATEMENTS 2008/2009

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF GAMAGARA MUNICIPALITY ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GAMAGARA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Gamagara local municipality which comprise the appropriation statement, the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xii] to [xvi].

The accounting officer's responsibility for the financial statements

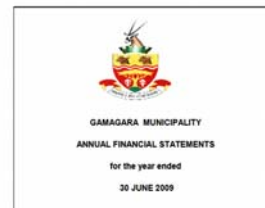
2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Statements of Generally Recognised Accounting Practice and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 159 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 125(1) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing issued with General Practice 616 of 2006, issued in Government Gazette No. 31027 of 15 May 2006. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

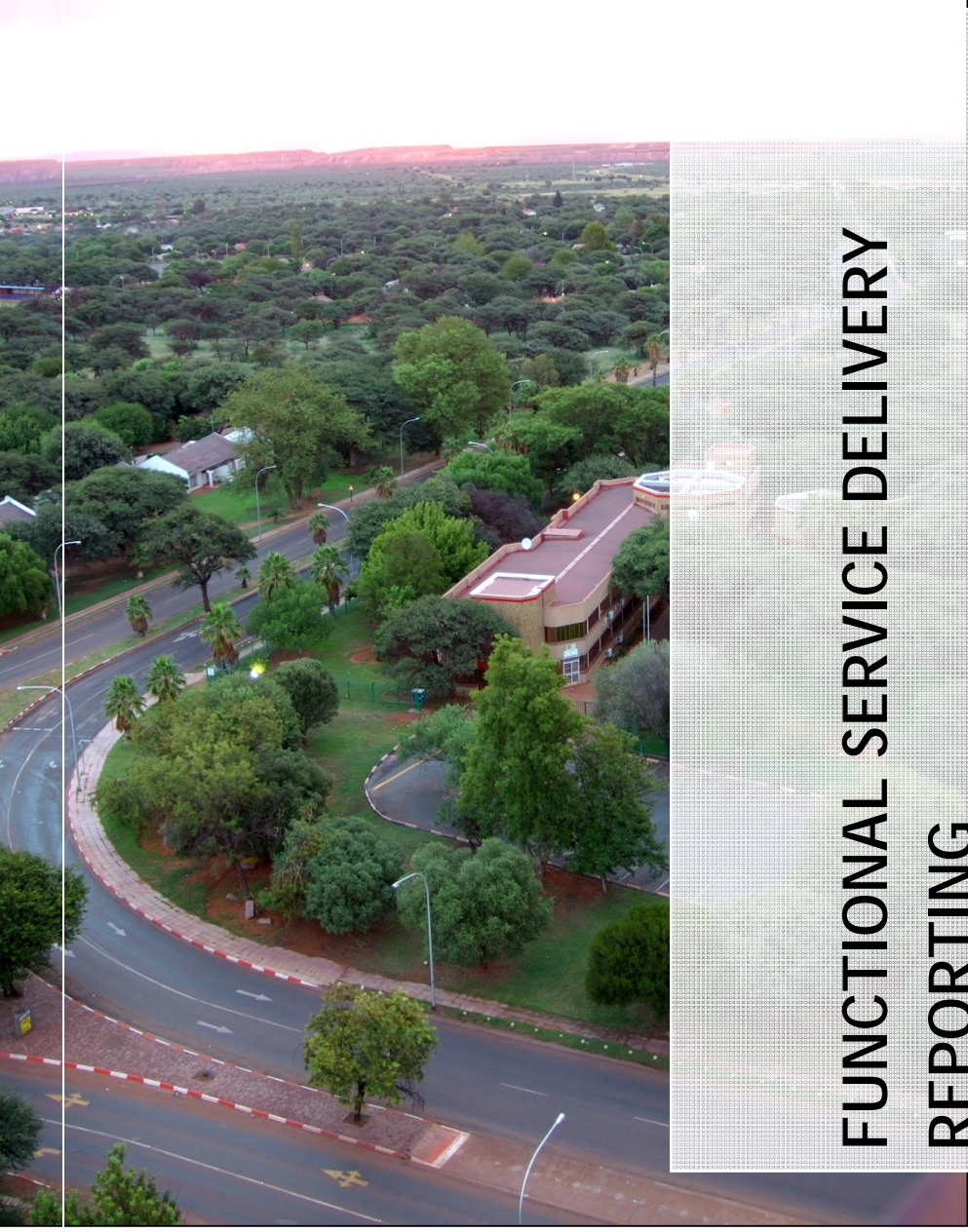


I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 35, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 21 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read together with the Remuneration of Public Officers (Healers) Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M. C. JOACHIM
Municipal Manager

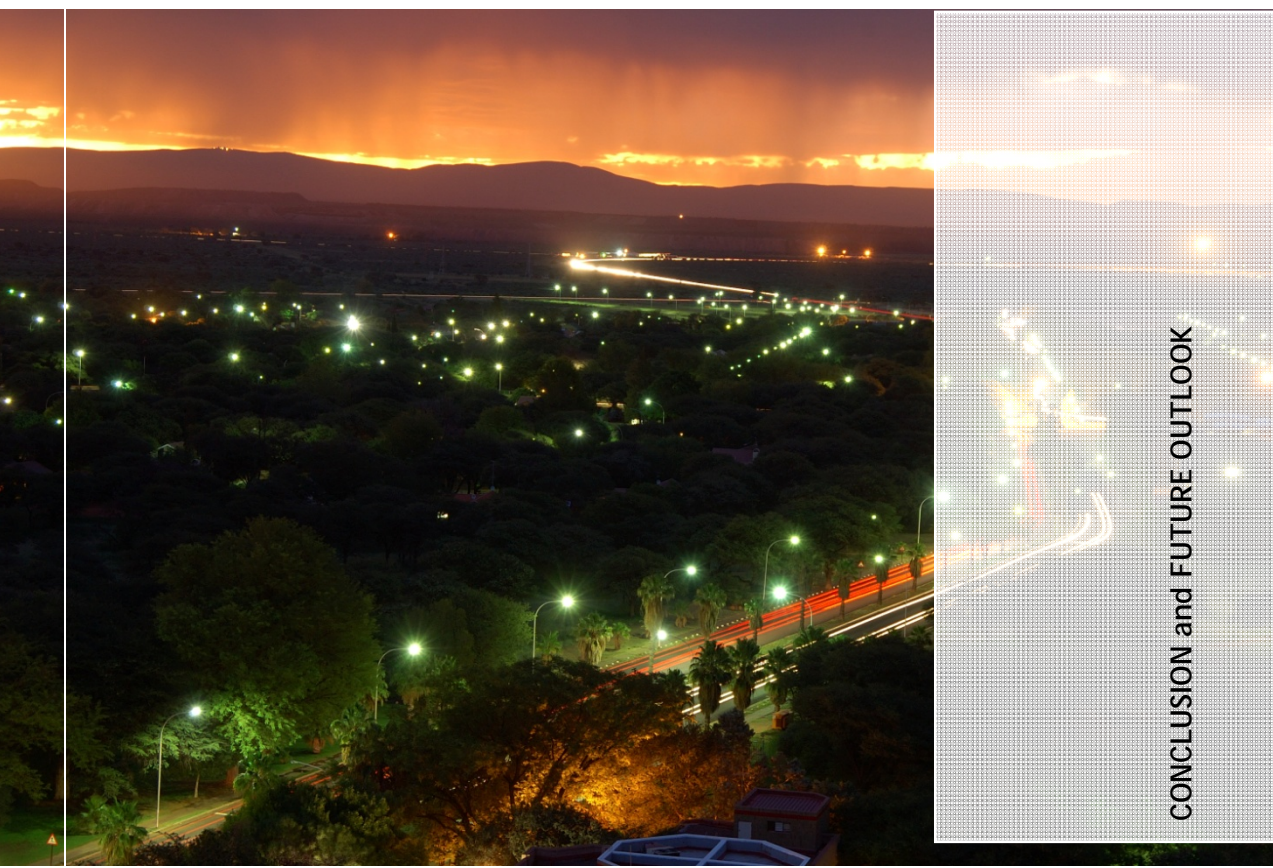
Date



FUNCTIONAL SERVICE DELIVERY REPORTING

*FUNCTIONAL SERVICE DELIVERY REPORTING ATTACHED AS ANNEXURE A

| ANNEXURE A | | |
|---------------------------------------|------------------------------------|------|
| CHAPTER 5 | | |
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CONCLUSION and FUTURE OUTLOOK

5.1.1 Conclusion... and future outlook

The period under review was met with a number of challenges for Gamagara Local Municipality - both at the political level and for the administration. Despite the diverse challenges; good governance, sound financial management, well maintained infrastructure, development opportunities and tranquillity remain the centre of importance.

Gamagara Local Municipality continues to strive for political stability and

administrative excellence. The administration did undergo major changes, and a stable and disciplined administration is expected in the next business cycle. The Municipality is financially sound and finances are managed effectively. It is expected that Gamagara Local Municipality will further contribute to sound and lasting economic stability for all.

GAMAGARA MUNICIPALITY

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